

Name:

Period:

Answer True/False T/F to each of the following statements

Frictional unemployment

- a. It is called search unemployment because people are “in between jobs” or looking for their first jobs.
- b. It is lengthy in duration
- c. Skills of the unemployed are marketable.
- d. undesirable and unlikely to happen in our economy
- e. Jobs are available for job seekers; it is a temporary mismatch between job seekers and jobs available.
- f. Frictional unemployment includes those who are seasonally unemployed – their skills are in demand only at certain times of the year.

Structural Unemployment

- a. inevitable in a dynamic economy
- b. can result from a decrease in demand for a particular product, thus causing lay –offs in the industry.
- c. is short-term and does not entail a serious hardships for the unemployed worker.
- d. can and does result from stiff foreign competition.
- e. can result from technological change such as automation.
- f. requires workers to get additional training or education and/or to relocate geographically.
- g. is cause by the recession phase of the business cycle.
- h. workers’ skills are directly transferable to new jobs.

Cyclical Unemployment

- a. occurs when there is too much overall demand in the economy.
- b. Occurs when there is not enough overall demand in the economy to purchase the output that is produced.
- c. Occurs during recessions (downturns in the business cycle)
- d. This type of unemployment is costly to society and to the individuals involved.
- e. During cyclical unemployment, plenty of jobs if people look for them.
- f. During cyclical unemployment labor markets are not in balance. There are more workers seeking employment than jobs available.